



## Board Report

File #: 2016-0740, File Type: Agreement

Agenda Number: 10.

### FINANCE, BUDGET AND AUDIT COMMITTEE NOVEMBER 16, 2016

**SUBJECT: FUND EXCHANGE IN SUPPORT OF SCRRRA ADOPTED WORK PROGRAM**

**ACTION: APPROVE REVENUE-NEUTRAL FUND EXCHANGE AGREEMENT BETWEEN METRO, VCTC AND SCRRRA**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to execute a **revenue-neutral fund exchange agreement between Metro, the Ventura County Transportation Commission (VCTC) and the Southern California Regional Rail Authority (SCRRRA) to fund FY16 and FY17 SCRRRA rehabilitation projects.**

#### **ISSUE**

Metro and VCTC are among the partner agencies in the Joint Exercise of Powers Authority (JPA) that form the SCRRRA, operators of the Metrolink commuter rail system in the Southern California region. VCTC does not have a local transportation sales tax, and, for many years VCTC has funded a portion of its annual Metrolink operating subsidies by exchanging its federal formula funds with Metro local Proposition C10% (PC10) funds within the SCRRRA's rehabilitation budgets.

Starting in FY 2015-16, as a result of increases in operating subsidies for Metrolink and reduced availability of Metro's PC10 funding, the previously-utilized funding mix is no longer available for SCRRRA Rehabilitation projects to facilitate VCTC's annual operating fund exchange. Metro currently funds SCRRRA rehabilitation projects with Measure R3% which are restricted to capital funding and are ineligible for operations. The change in the available funding has left VCTC without a vehicle to meet its operating subsidy obligations for Metrolink.

#### **DISCUSSION**

VCTC has placed a proposed transportation sales tax measure on the November ballot and if adopted by Ventura County voters, would provide the majority of funding for their local obligation beginning in FY18. Additionally, the SCRRRA, working with the Member Agencies, is also exploring the introduction of federal funding for Preventive Maintenance within the operating program. These two combined actions are expected to provide a long term solution on behalf of VCTC and provide

additional options for our partners within the agency.

However, in order to address the current shortfall resulting from the rapid increase in subsidy requirements, and allow VCTC time to implement these potential alternative and additional sources of Metrolink operating support, Metro agreed to assist VCTC in identifying possible short-term solutions.

Staff, working with our partner agencies and the FTA, have identified two proposed, revenue neutral, multi-agency exchanges of FTA funding that would provide the short term resolution of VCTC's shortfall and ensure the ongoing viability of the partnership. The exchanges are summarized in Attachment A and described below.

The first consists of an exchange of Section 5337 funds between VCTC, the Orange County Transportation Authority (OCTA), and Metro in the amount of \$6,857,000. VCTC would provide federal funding to support SCRRA projects sponsored by OCTA within the SCRRA operating system. OCTA would provide funds to Metro eligible for exchange resulting from Metro and OCTAs sharing the same federally designated Urbanized Area (UZA). These funds are applicable to State of Good Repair projects within the UZA and can be used for Metro Rail's State of Good Repair program.

Secondly, an exchange of FTA Section 5307 funds between VCTC and Metro in the amount of \$5,103,189 is proposed, with funding applied to eligible Metro Rail Preventive Maintenance expenses.

For these fund exchanges, Metro would provide \$11,960,189 of local funds to SCRRA to be applied exclusively to VCTC's operating subsidy obligations. Upon completion of the transfers of funds, Metro is under no further obligation to support future exchanges.

## **FINANCIAL IMPACT**

The proposed actions are revenue neutral to Metro and the transactions are all expected to be completed within the current fiscal year. The result of the exchange is an increase in federal funds for Metro's Rail Preventive Maintenance program offset by a reduction in local funds.

## **ALTERNATIVES CONSIDERED**

The Board could choose to not approve the execution of the proposed fund exchange agreement. This is not recommended as this action is revenue neutral to Metro, supports our partner agency VCTC in the SCRRA JPA, and will ensure current commuter rail operations in Los Angeles County

are not negatively impacted.

**NEXT STEPS**


Upon Board approval, staff will execute the Fund Exchange Agreement between the parties and ensure appropriate FTIP revisions are executed.

**ATTACHMENTS**

Attachment A      Summary of Exchanges

Prepared by:      Drew Phillips, Director, Budget, (213) 922-2109  
Cosette Stark, DEO, Regional Grants Management, (213) 922-2822  
Marinela De Castro, Senior Manager, Transportation Planning, (213) 922-6166

Reviewed by:      Therese McMillan, Chief Planning Officer, (213) 922-7077  
Nalini Ahuja, Chief Financial Officer, (213) 922-3088



---

Phillip A. Washington  
Chief Executive Officer

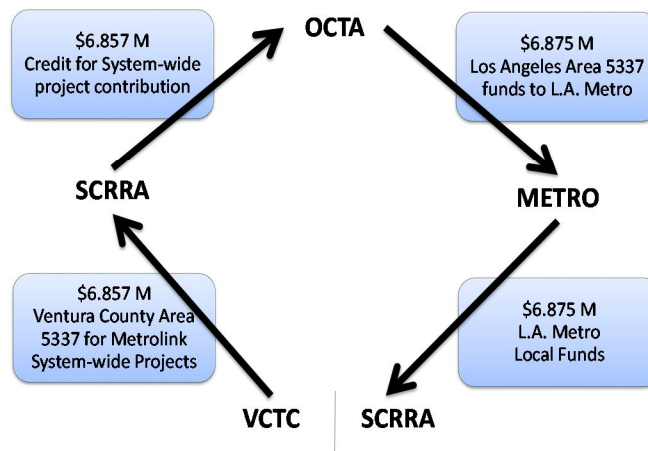
## Attachment A

### VCTC/ SCRRA Exchange

Fund Type	VCTC	OCTA	Metro	SCRRA
<b>VCTC 5337</b>	(\$ 6,857,000)	\$6,857,000		
<b>OCTA 5337</b>		(\$6,857,000)	\$ 6,857,000	
<b>VCTC 5307</b>	(\$ 5,103,189)		\$ 5,103,189	
<b>Metro Local</b>			(\$11,960,189)	\$11,960,189
<b>Total</b>	(\$11,960,189)	0	0	\$11,960,189

### Section 5337 Fund Exchange

FY 2015-16 and FY 2016-17



### Section 5307 Fund Exchange

FY 2015-16 and FY 2016-17

